THE PATIENT PROTECTION AND AFFORDABLE CARE ACT

Managers' Amendment to the Patient Protection and Affordable Care Act

Keeping Insurance Companies Honest

The Managers' Amendment to the *Patient Protection and Affordable Care Act* builds upon the strong bill we already have, demanding greater accountability from health insurance companies to keep costs down while creating more choice and competition for consumers.

Tougher Accountability Policies for Health Insurance Companies

- ✓ **Stronger medical loss ratios**. Insurance companies routinely skim off large parts of the premiums that consumers pay for bloated administrative costs, high profits, and wasteful expenses. The base bill required health insurers to spend more of their premium revenues on clinical services and quality improvement, and less on administrative costs and profits – or else pay rebates to policyholders – but terminated this requirement in 2014, when health insurance Exchanges are operational. The Managers' Amendment includes stricter medical loss ratios that will continue even after the Exchanges begin in 2014, and applies those higher standards to all plans, including grandfathered plans.
- ✓ **Accountability for excessive rate increases**. A health insurer's participation in the Exchanges will depend on its performance. Insurers that jack up their premiums before the Exchanges begin will be excluded – a powerful incentive to keep premiums affordable.
- ✓ **Immediate ban on pre-existing condition exclusions for children.** The base bill eliminates pre-existing condition exclusions for all Americans beginning in 2014, when the Exchanges are operational. Recognizing the special vulnerability of children, the Managers' Amendment immediately prohibits health insurers from excluding coverage of pre-existing conditions for children.
- ✓ **Ensuring access to needed care.** The base bill immediately banned lifetime limits on health insurance coverage, and also banned unreasonable annual limits, based on criteria developed by the Secretary of the Treasury. The Managers' Amendment will tightly restrict use of annual limits to ensure access to needed care based on criteria developed by the Secretary of Health and Human Services, and will completely prohibit annual limits beginning in 2014, when the Exchanges are operational.
- ✓ **Guaranteed opportunity to appeal coverage denials**. All health insurers will be required to implement an internal appeals process for coverage denials, and states will ensure the availability of an external appeals process that is independent and holds insurance companies accountable.
- ✓ **Transparency**. New requirements will ensure that insurers and health care providers report on their performance, empowering patients to make the best possible decisions.

More Health Insurance Choices to Create Competition

- ✓ **Multi-State option.** The Managers' Amendment will provide individuals and small businesses with new coverage options, available nationwide, through multi-State plans offered by private insurance carriers under the supervision of the Office of Personnel Management (OPM).
- ✓ **Focused on consumers.** Multi-state plans will be offered through Exchanges, and will abide by the rules applicable to other plans offered through the Exchanges. Enrollees in the new multi-state plans will be eligible for tax credits to the same extent as enrollees in any other plan offered through an Exchange. One of the new multi-state plans must be a nonprofit.
- ✓ **Voluntary enrollment and participation.** Just as for all other Exchange plans, enrollment is voluntary, and participation by providers is optional.
- ✓ **No Federal risk.** The Federal government will not operate, bear the insurance risk for, or be financially responsible in any way for these new multi-State plans.
- ✓ **Strong oversight.** Multi-State plans will receive the same strong oversight as plans currently available to Members of Congress by placing these plans under the supervision of the OPM. A new advisory board with strong consumer representation will be established, to ensure that the recommendations of plan enrollees are taken into account. OPM will apply the same strong standards for consumer protection to the new multi-State plans as to existing plans offered through FEHB, including:
  - High medical loss ratios, ensuring low administrative overhead.
  - Low profit margins for plans, ensuring value for money.
  - Strong measures to improve quality of care.
- ✓ **Keeping the Federal Employees Health Benefits program strong.** The Federal Employees Health Benefits (FEHB) program provides affordable, quality health care to millions of Federal workers and retirees. The Managers' Amendment ensures that this essential program remains strong, by requiring measures to protect and strengthen FEHB, including:
  - A separate risk pool for new multi-State plans.
  - Authorizing the hiring of new personnel.
  - Requiring that the new multi-State plans are administered separately from FEHB.
  - Prohibiting plans participating in FEHB to be required to offer new multi-State plans.